

**Performance Contracting  
Conference:**  
***"Recipes for Success"***  
(Featuring Multi-State Case Studies)  
**July 27 – 29, 2005**

Hosted By:  
Louisiana Department of Natural Resources



Co-Hosted By:  
Energy Services Coalition



**Your Source to  
Obtaining Revenue  
Bond Financing  
in Louisiana**

Wednesday, July 27, 2005

*Financing Today for a Better Tomorrow!*

## A Non-Profit Public Trust

- *Created by a private corporation in 1974.*
- *State and its citizens are beneficiaries of the Trust.*
- *No State appropriations for operations*
- *LPFA operates on self-generated revenue*
- *Bonds are not obligations of the State*

# Mandate of the LPFA

- *To promote, encourage and further the accomplishment of all activities that are or may become beneficial to the state of Louisiana.*

# Mission of the LPFA

- *To further education, healthcare, economic development, and job creation in Louisiana in order to make Louisiana a better place to work, live, and raise our families*

# Purpose of the LPFA

- *To issue both taxable and tax-exempt bonds to finance everything from educational facilities to hospitals, student loans, industrial and economic development projects and essential programs for state and local governmental units.*

LPFA Bonds Issued

\$16 Billion

*Since Inception in  
August of 1974*



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# LPFA Impact

LPFA during its first 25 years facilitated economic activities that led, on average, to an additional 8,333 jobs per year and additional personal earnings of \$158.6 million per year for the Louisiana economy.

# LPFA Impact

From 1999 to 2003 LPFA facilitated economic activities that led to an average of 7,745 jobs per year and additional personal earnings of \$202.3 million per year.

# Student Loans

\$1.28 Billion



# LPFA Energy Retrofit Bond Issues

- **Lafayette Parish School Board**
  - \$ 5,770,000
- **Orleans Parish School Board**
  - \$11,175,000
- **Energy Fund Program Revenue Bonds**
  - \$13,660,000 for 7 Borrowers
  - Allen, Avoyelles, Iberville, Natchitoches, St. Charles, and St. James Parish School Boards and the Evangeline Parish Police Jury

# Tax Exempt Financing

- Overview of Bond Issuance Process

# Unknown (or Unwanted) Louisiana Facts Game

- What is our state dog?

## Unknown (Or Unwanted) Louisiana Facts

**The Catahoula Leopard Dog is the only breed of dog native to Louisiana and became our official state dog in 1979. This hound is a cross of a domestic dog the Indians of the Catahoula Lake region raised and a Spanish "war dog" that came through the area in the early 1500's. The dog has glassy eyes, webbed feet, and spotted coat and is gentle with children, loyal to family, and aggressive to strangers, making it a good pet and guard dog. As a hunting dog the animal is diligent, dependable, efficient and especially good at tracking deer, coons and squirrels.**



# A Better Picture?



# True Conduit Lender

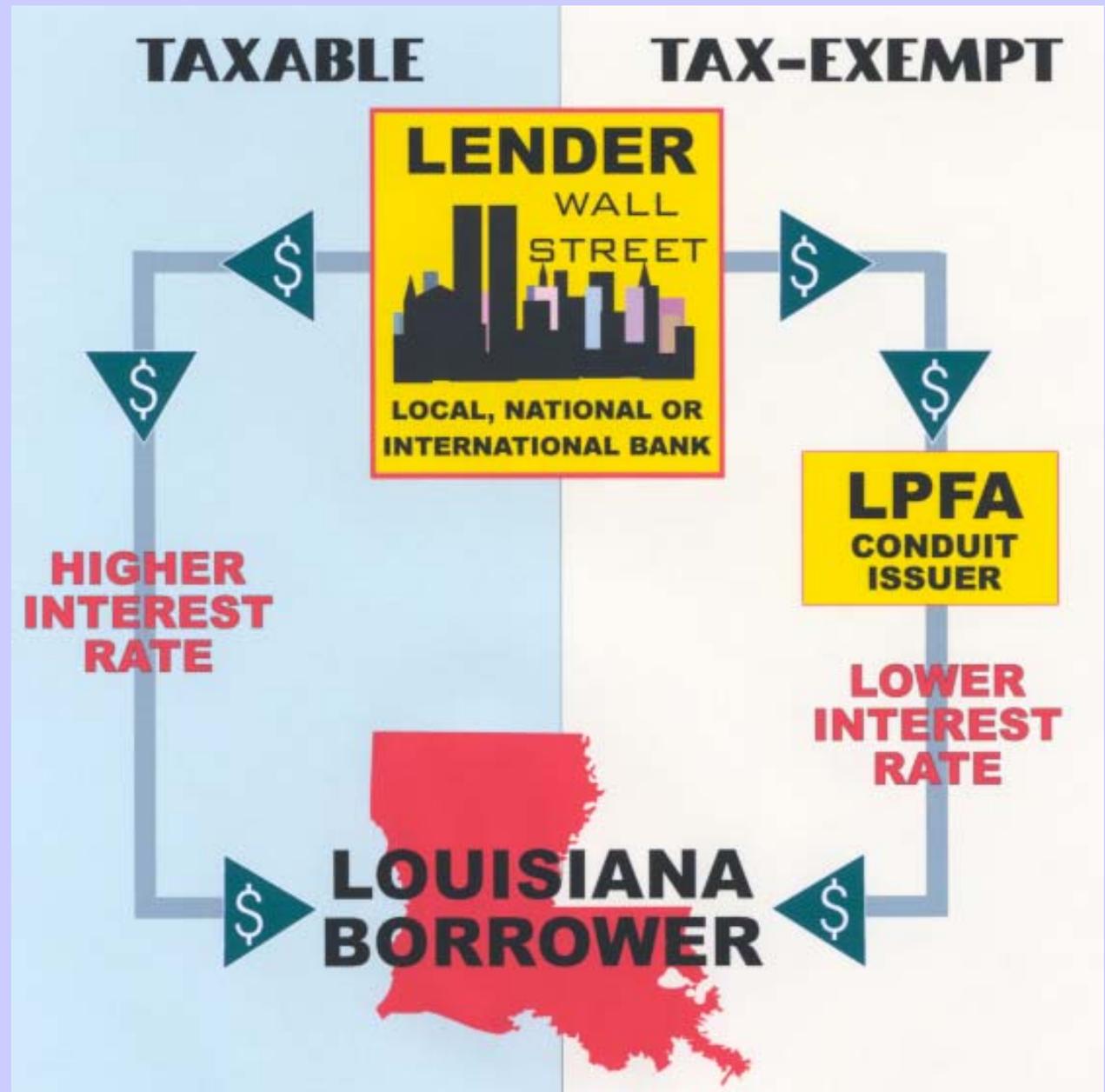
## Issue Revenue Bonds

- *Use revenue stream of project or assets financed*
- *Backed solely by borrower's credit*
- *No LPFA funds at risk*
- *Not a risk to State*
- *Not an obligation of State*

# LPFA's Role as Conduit Lender

- *Entities do not borrow money FROM the LPFA.*
- *Entities borrow money THROUGH the LPFA.*
- *By using the LPFA as a conduit, interest on the funds borrowed achieves a tax-exempt status.*

# LPFA Role In a Bond Financing



# Tax-Exempt Eligibility

- Guidelines Set by Federal Law
  - 501( c )(3 ) entities
  - Small Manufacturing Entities (IDBs)
  - Exempt Facilities
  - Total private use bonds issued in Louisiana limited by Federal law

# Bond Financing Process

- 4-Step Process

*1 - Preliminary Approval from LPFA*

*2 - Preliminary Approval from  
State Bond Commission*

*3 - Final Approval from LPFA*

*4 - Final Approval from  
State Bond Commission*

# Professionals in a Bond Financing

- Bond Counsel
- Issuer's Counsel
- Trustee
- Trustee's Counsel
- Underwriter
- Underwriter's Counsel
- Letter of Credit Bank
- LOC Bank's Counsel

# LPFA's Role in a Financing

- Provides access to tax exempt financing
- Does not determine the creditworthiness of a project or borrower
- Requires an investment grade rating or an investment letter

# LPFA Bond Issue Fees

- **FINANCING APPLICATION FEE:**
  - \$ 500
- **FINANCING ACCEPTANCE FEE:**
  - A sum equal to .05% of the face amount of Bonds issued for the Project less the \$500 Financing Application Fee
- **ANNUAL ADMINISTRATIVE FEE:**
  - LPFA will be authorized to charge an Annual Administrative Fee equal to one-tenth of one percent (0.10%) of the amount of bonds outstanding on January 1 of each year

# LPFA Other Fees

None!

# State Bond Commission Fees

- **APPLICATION FEE:**
  - **\$1,500**
- **ACCEPTANCE FEE:**
  - **First \$5 million - 0.125%**
  - **Next \$20 million - 0.110%**
  - **Next \$25 million - 0.105%**
  - **Next \$50 million - 0.100%**
  - **Over \$100 million - 0.090%**

# Unknown (or Unwanted) Louisiana Facts

- What is our state mammal?

# Unknown (or Unwanted) Louisiana Facts

**Louisiana black bears are black, some with a distinct white "blaze" on their chest. Adult males generally weigh from 250 to over 400 pounds and adult females range from 120 to over 275 pounds. Body length of adults, nose to tail, ranges up to 6 feet.**

**Female black bears begin to mate at 3 to 5 years of age and have one to four cubs every other year. The young remain with their mother the first year, den with her the following winter, and search for their own territory in their second summer.**



# Unknown (or Unwanted) Louisiana Facts

- What is our state amphibian?

# Unknown (or Unwanted) Louisiana Facts

Louisiana's amphibian, the green tree frog (*hyla cinerea*) is also known as the Fried Bacon Frog, Cowbell Frog and the Bell Frog, and lives in swamps, borders of lakes and bayous, on floating vegetation, in trees and bushes near water, in Spanish moss or under bark on trees, and any place well supplied with water or dampness. They can often be found clinging to windows or window sills at night looking for insects that are attracted to light.



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# Unknown (or Unwanted) Louisiana Facts

- What is our state drink?

# Unknown (or Unwanted) Louisiana Facts

**Milk was adopted as the official drink of Louisiana in 1983.**





Thank You For Your Attention!

Please Contact us if You Have  
Any Questions

225-923-0020

1-800-228-4755

[www.lpfa.com](http://www.lpfa.com)

[www.lela.org](http://www.lela.org)

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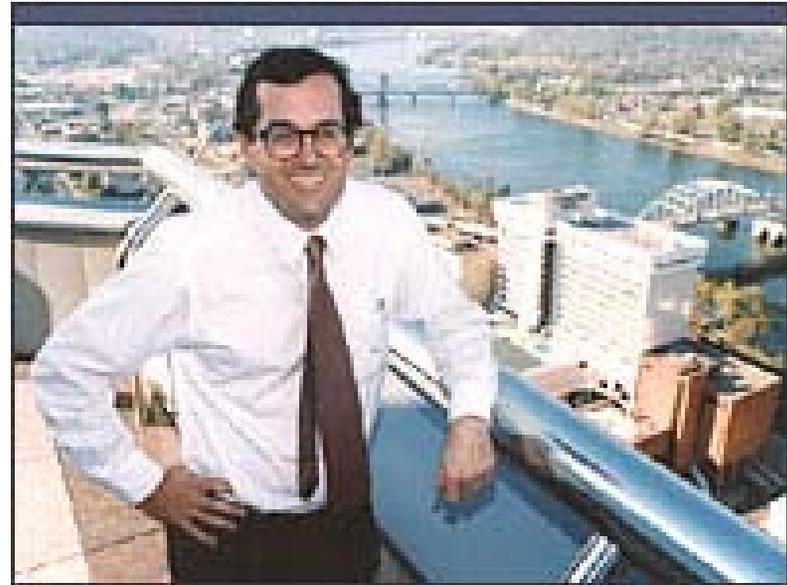




Stephens Inc.  
Investment Bankers

# Stephens Inc. Mission

- The mission of Stephens Inc. is to become a trusted advisor to our clients in all aspects of their business and personal investments. We assist our clients as they interact with the financial markets, consider capital formation and preservation, and analyze strategic alternatives.



**Warren Stephens, Chairman Stephens Inc.**

# Introduction to Stephens Inc.

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## Profile of the Firm

- One of the nation's leading privately held investment banks, founded in 1933
  - Serves the financial needs of corporations, institutions, governments and high-net-worth investors
  - Actively participates in global capital markets through a network of national and international offices
- 

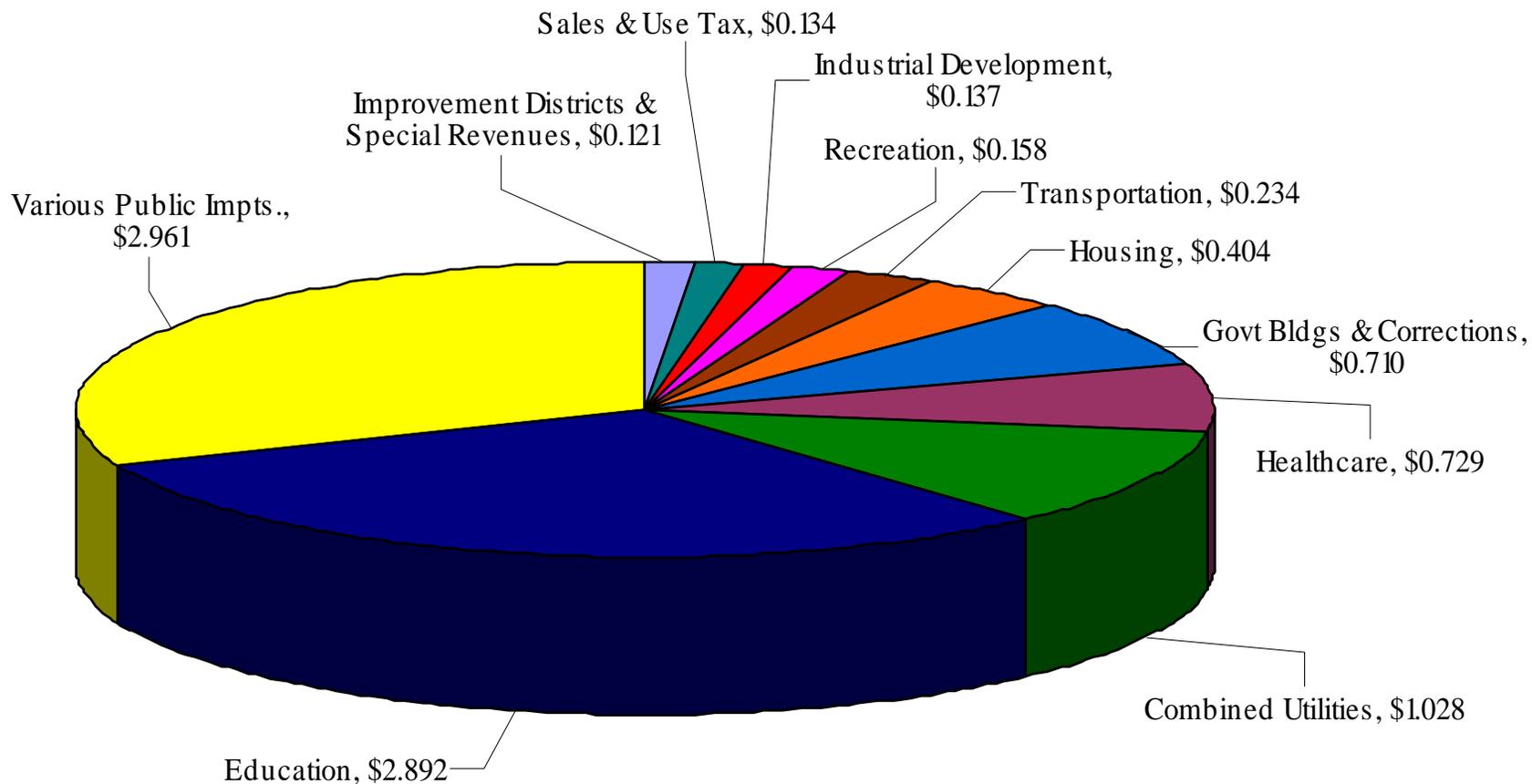
## Client/Customer Driven Strategy

- Focused coverage of corporate clients, governmental entities, and investing customers
  - Comprehensive product and service capabilities
  - Global scope of business activities
  - Close organizational proximity with clients/customers
- 

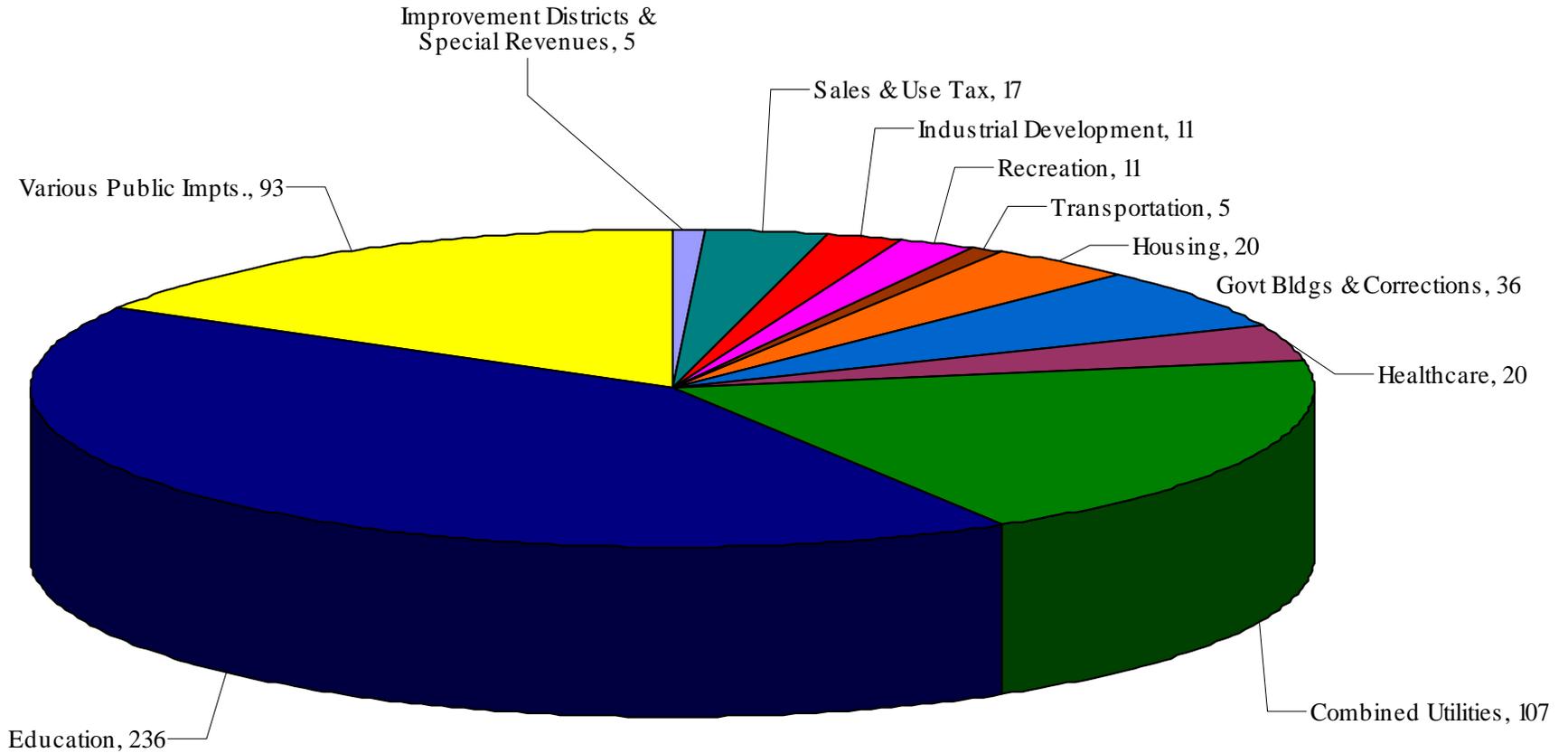
## Value-Added Results

- Preeminent capabilities in advisory, financing and trading services
  - Differential contribution to achieve clients' objectives
  - Company-wide resources available to each client
  - Long-term client relationships enhance ability to add value
-

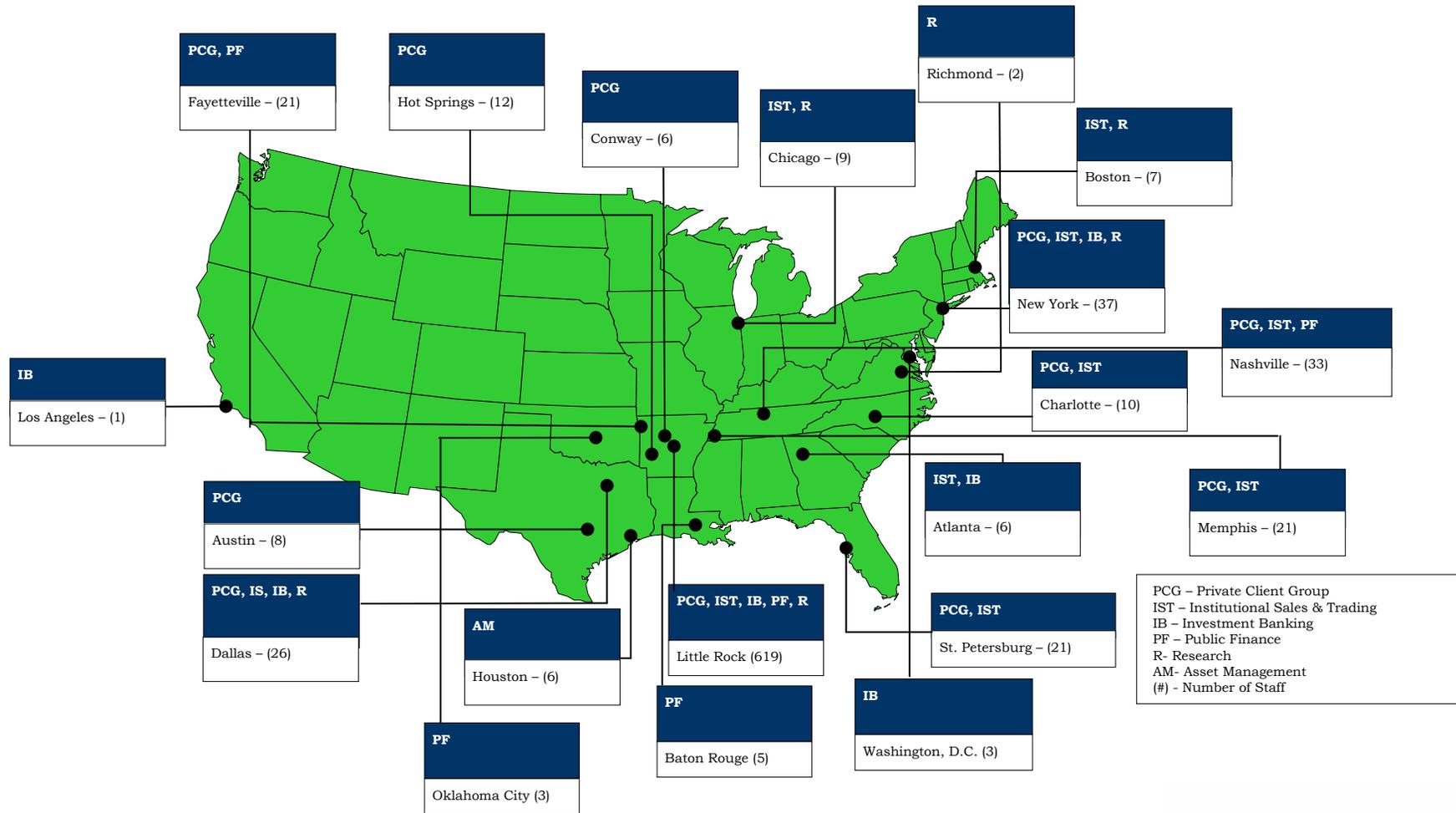
### Type of Transaction Comparison Based on Par Amount (in billions) 2002 to Present



# Type of Transaction Comparison Based on Number of Transactions 2002 to Present



# Stephens Branch Offices



# Baton Rouge Branch Office

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